

February 3, 2016

Mike Uchrin  
Chief Executive Officer  
Health Choice Arizona  
410 North 44th Street, Suite 900  
Phoenix, AZ 85008

**SUBJECT: Compliance Action – Notice to Cure**

Dear Mr. Uchrin:

The Arizona Health Care Cost Containment System (AHCCCS) Division of Health Care Management (DHCM) has identified that Health Choice Arizona (HCA) is in violation of its Acute Care Contract YH14-0001 for contract year ending 2015 as outlined below. As a result of these violations and pursuant to Acute Care Contract YH14-0001 Section D, Paragraph 72, AHCCCS is imposing the following regulatory action:

**Notice to Cure**

**Concern**

During the past six months, AHCCCS received a significant increase in the number of provider complaints against Health Choice Arizona. This is outside the normal pattern of provider complaints received for HCA. These complaints include but are not limited to the following concerns:

- failure to demonstrate responsiveness to provider inquiries and concerns in which AHCCCS had to intervene on several occasions, in instances where an appropriate and timely response on HCA's part would have prevented the need for such intervention
- unresolved claims processing issues for months at a time
- poor customer service
- long hold/wait times for providers to reach a customer service representative
- lack of responsiveness by Provider Service Representatives

In addition, AHCCCS completed a Provider Claims Survey in September and October 2015. The purpose of this survey was to gather feedback from AHCCCS providers contracted with all health plans regarding provider satisfaction with health plans' claims processing and payment, and customer service. In comparing the results from this survey to the results from the AHCCCS 2014 Provider Survey, HCA had significant decline in provider satisfaction. In the five questions asked as part of the survey, HCA placed 12<sup>th</sup> among the 12 health plans included in the survey with more than an 11.0% decrease in provider satisfaction for each question with the exception of one question where provider satisfaction decreased 8.7%.

Furthermore, HCA was out of compliance with its Provider Claims Performance metrics for the first quarter of 2016 as provided in its Telephone Performance Measures reporting. The measures for Average Speed of Answer and Monthly Average Service Level were not within required standards.

**Contract Requirement Violations**

➤ **Section D 1. Introduction – Add Value to the Program**

AHCCCS expects that the Contractor must continue to add value to the program and does so by:

- Recognizing that health care providers are an essential partner in the delivery of health care services, and operates the Health Plan in a manner that is efficient and effective for health care providers as well as the Contractor.
- Recognizing that the program is publicly funded, is subject to public scrutiny, and operates in a manner consistent with the public trust.

➤ **Section D Paragraph 16 Staff Requirement and Support Services**

The Contractor must employ sufficient staff and utilize appropriate resources to achieve contractual compliance. The Contractor’s resource allocation must be adequate to achieve outcomes in all functional areas within the organization. Provider Services and Claims Processing staff must fulfill the duties and responsibilities of these positions including but not limited to:

- Educating providers,
- Identifying trends and guiding the development and implementation of strategies to improve provider satisfaction,
- Ensuring providers receive prompt responses and assistance.

➤ **Section D Paragraph 25 Telephone Performance Standards**

The Contractor must meet and maintain established telephone performance standards to ensure provider satisfaction as specified in ACOM Policy 435, III.A:

- The Average Speed of Answer must be 45 seconds or less
- The Monthly Average Service Level must be 75% or better

➤ **Section D Paragraph 29 i, j Network Management**

- Track and trend provider inquiries/complaints/requests for information and take systemic action as necessary and appropriate; and
- Ensure that provider calls are acknowledged within three business days of receipt, resolved and/or state the result communicated to the provider within 30 business days of receipt (this includes referrals from AHCCCS).

**Required Actions**

HCA must develop a Correct Action Plan to immediately address and resolve provider complaints and improve upon provider satisfaction. The CAP must minimally include the following items:

1. A detailed listing of providers that HCA has identified as having ongoing unresolved issues and those that have contacted AHCCCS for assistance with resolution of outstanding issues including the following
  - The frequency of meetings with each provider
  - A description of issues by provider
  - The current status of the issue
  - Timeline for expected resolution
2. A detailed description of strategies to improve provider satisfaction
3. A Customer Service Training Plan for Provider Representatives and Provider relations staff as well as appropriate actions/strategies to address poor customer service with providers.
4. A detailed description of strategies to improve provider telephone performance measures.
5. A description of the process utilized by a provider to obtain service and resolution of complaints

6. A detailed description of the Provider Service Model/Structure with lines of reporting
7. Monthly reporting to AHCCCS to include a detailed status update of items 1, 2, and 3 above, beginning with the initial submission due on **Monday, February 15, 2016 and monthly thereafter.**
8. Monthly reporting to AHCCCS of Telephone Performance Measures, beginning with the initial submission due on **Monday, February 15, 2016.** HCA may request to return to quarterly reporting for these measures after showing compliance for at least three consecutive months.

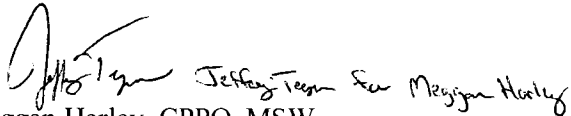
AHCCCS staff may conduct follow up calls to providers to determine progress on resolution of issues and improved customer satisfaction. AHCCCS will monitor the monthly reporting for resolution of issues and compliance with contract requirements.

HCA must demonstrate a concerted effort to provide outstanding customer service, address and timely resolve concerns of its providers, track and trend concerns and take actions for resolution and offer provider and staff education where necessary. Please submit your Corrective Action Plan by **Monday, February 8, 2016** and follow up reporting to Brenda Gobeli, Operations Compliance Officer at [Brenda.gobeli@azahcccs.gov](mailto:Brenda.gobeli@azahcccs.gov).

Failure to correct the deficiencies as outlined in this letter may result in additional compliance action, in accordance with Acute Care Contract Section D, Paragraph 72, including but not limited to sanctions and/or cap on enrollment.

If you have any questions regarding this letter, you may contact Virginia Rountree, Assistant Director Operations, at 602-417-4122 or [Virginia.rountree@azahcccs.gov](mailto:Virginia.rountree@azahcccs.gov).

Sincerely,

  
Meggan Harley, CPPO, MSW  
Procurement and Contracts Manager

cc: Matthew Kingry, Director of Compliance – Medicaid, HCA  
Virginia Rountree, Assistant Director Operations, DHCM  
Shelli Silver, Assistant Director Finance, DHCM  
Christina Quast, Operations Manager, DHCM  
Brenda Gobeli, Operations Compliance Officer, DHCM